

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 N Park
Helena MT 59620

Board Legislative Committee Minutes
Tuesday January 16, 2007
1:30 PM

Committee Members: Robert Griffith (chair), Troy McGee, and John Paull.

Staff: Roxanne Minnehan, Melanie Symons, Scott Miller, Kim Flatow, Kathy Samson, Barbara Quinn, MPERA.

Other Attendees: Terrence Smith, Board member, by phone; Stephen Kologi, Russell Wrigg, Jim Christnacht, and John McEwen, AMPRE.

Public Comment – *No public comment.*

Approval of Committee Minutes from meeting of Tuesday January 9, 2007.

The Committee did not have time to completely read over the minutes. They approved them on the basis that they can go back and if necessary. The motion to approve the minutes on this basis was made by Troy McGee, and seconded by John Paull. Motion passed

Executive Director's Report

Roxanne Minnehan gave a brief synopsis of the Board bills' current status. **HB159 – the Funding Bill**, is sponsored by Representative Carol Lambert and Senator Larry Jent. The bill was heard this morning in the House State Administration Committee. Testifying for the bill was Carol Lambert, Larry Jent, Roxanne Minnehan, Tom Schnieder, Tom Bileadeau, and Leo Berry. There were no opponents. The statutory appropriation for the General Fund to pick up the increase in employer contributions for the school district employers was discussed. It was again mentioned that this appropriation has been included in HB159, worded the same way in the Governor's Bill. Some of the questions asked during the committee hearing were discussed in the committee meeting. The legislators are not clear on how unfunded liability works. The lobbyists have talked to Betty Lou Kasten. She said she would talk to the committee chairperson and get a feel for what they were thinking. She is afraid the bill may die in Committee. Discussion followed about getting the bill into the House Appropriations Committee where one Committee can review both HB159 and the OBPP HB131.

HB125 – the DC Loan Bill, is sponsored by Representative Dave Kasten. It has been assigned to the House Appropriations Committee. There is no hearing scheduled yet. Scott Miller is in the process of preparing his testimony and Representative Kasten's points for discussion.

HB129 – the General Revisions Bill, is sponsored by Dave Gallik. The hearing of HB129 was on Thursday, January 11, 2007 before the House State Administration Committee. Kim Flatow testified for the Board. There were no questions from the Committee.

The Board currently does not support OBPP Bill HB131 which will decrease the GABA for new hires in all systems. This bill has been assigned to the House Appropriations Committee. No hearing is scheduled as of today. There was a discussion on **HB63 – TRS funding bill**. The bill includes a \$100 million cash infusion and eliminates the potential to increase the GABA to 3% in the future.

Review of Introduced Bills- Tracking Reports

HB2 – General appropriations bill. PERB is *monitoring* this bill for the payoff of the DC Loan. There are several hearings on this bill.

HB13 – Pay plan for state employees. PERB is *monitoring* this bill, because it will affect the agency if it passes. It is assigned to the House Appropriations Committee.

HB63 – Actuarially funding the teacher retirement system. This is the teachers' bill that will give the TRS a \$100 million infusion, but will keep GABA at 1.5 percent. PERB is *monitoring*.

HB67 – Clarify poll of Legislature for administrative rules. PERB is *tracking*. This bill has passed out of the House and into the Senate.

HB70 – Revise laws governing publication and distribution of administrative rules. PERB is *tracking*. This bill has passed out of the House and into the Senate.

HB81 – Generally revise teacher retirement system laws. This bill is in the House State Administration Committee. PERB is *monitoring*.

HB95 – Provide increase in employer contribution to optional retirement program. This bill is in the House Appropriations Committee. PERB is *monitoring*.

HB97 – Revise procedure for review of administrative rules. This bill will create a new committee and another level of review/revision in the rulemaking process. It slows down the legislative process. PERB lobbyists will provide *information* to Dal Smilie, chief legal counsel for the Department of Administration.

HB108 – State withholding for pensions, annuities, and other deferred income. PERB is currently *neutral and informational* on this bill. It is in the House Taxation Committee. PERB lobbyists have provided informational testimony.

HB125 – Repay loan for startup costs of the defined contribution retirement plan. There is no hearing scheduled. PERB is *proposing and supporting* this bill. It is in the House Appropriations Committee.

HB129 – Revise retirement laws to conform to federal law and decisions. PERB is *proposing and supporting* this bill. It is in the House State Administration Committee and was heard January 11, 2007. We have requested to be informed when the Committee will take executive action.

HB131 – Generally revise public employee retirement laws. This is the Governor's bill for reducing the GABA and increasing employer contributions to address the funding issues. There is no hearing scheduled yet. PERB *opposes* this bill. It is in the House Appropriations Committee.

HB159 – Increase employer contribution rates for PERB systems. This is the Board's funding bill. The bill was heard this morning, Tuesday, January 16th, 8am and is discussed above. PERB is *proposing and supporting* this bill. It is in the House State Administration Committee.

HB293 – Allocate lottery money to teachers' retirement system. PERB is *tracking*. This bill is in the State Administration Committee.

HB337 – Permissive levy for firefighter disability insurance. PERB is *tracking* the bill. This bill currently has not yet been assigned a committee.

SB7 – Legislative veto of administrative rules. This bill is in the Senate State Administration Committee. PERB is *neutral*.

SB11 – PERS exemption for legislative session staff (to extend legislative time from 6 months to 10 months). The PERB is *neutral and informational*. We are currently preparing a fiscal note. This bill is assigned to the Senate State Administration Committee.

SB33 – Procedures governing social security numbers and computer security breaches. PERB is *monitoring*, because the outcome of this bill will affect MPERA. It is in the Senate Local Government Committee.

SB47 – Clarify sponsor notification for administrative rules. PERB is *neutral*. This bill is in the Senate State Administration Committee.

SB56 – Retirement fund to pay costs for school employees paid with federal funds. This bill is assigned to the Senate Educational and Cultural Resources Committee. PERB is *tracking*.

SB62 – Increase payment to advisory board members. This bill has passed out of the Senate and into the House. PERB is *tracking*.

SB71 – Revise bill sponsor notification for administrative rules. PERB is *neutral and informational*. It is assigned to the Senate State Administration Committee.

SB72 – Require Senate Confirmation of PERB nominations. PERB is *neutral*. Staff testified that PERB has no objection to this bill at the last hearing on January 12, 2007. It has passed out

of Senate State Administration Committee to the Senate floor and is being heard today, January 17, 2007 at 1pm.

SB 176 – Recovery of expenses for challenging rule adopted in violation of MAPA rules. PERB is *neutral*. This bill is in the Senate State Administration Committee.

SB197 – Divestiture of investments in terrorist nations. This bill is in the Senate Finance and Claims Committee. A hearing is scheduled for January 23, 2007. This bill prohibits the Board of Investments from investing in companies providing assistance to terrorists or doing business in nations determined by the US government to be terrorist states. This includes companies such as Chevron, ConocoPhillips, Coca-Cola and Halliburton. This would affect the pension trust funds. The Board Legislative Committee recommends *opposing* this bill and supporting the Board of Investments.

SB247 – Revise a minimum benefit in the highway patrol retirement system. MPERA staff will be completing the fiscal note today. This bill is in the Senate State Administration Committee. This bill eliminates the 5% cap on the minimum benefit adjustment for non-GABA members. PERB lobbyists are asked to discuss the intent of this bill with the sponsor, Senator Elliott.

Un-Introduced Legislation

All un-introduced legislation is being monitored. Betty Lou Kasten has talked to Senator Shockley re: all the bill draft requests with his name on them relating to retirement. He states they are all Representative Sinrud's and he knows nothing about them. Rep. Sinrud has not had time to meet with Ms. Kasten.

LC1039 – Revise disability for highway patrol officers. The bill sponsor, Representative Jill Cohenour approached Scott Miller and Roxanne Minnehan about her idea. Rep Cohenour also mentioned making the disability voluntary. Mr. Miller stated that if somebody wants a disability plan, they should buy an insurance policy. The Board Legislative Committee wondered if we would see an increase in disability claims from HPORS, and also if we would have the FURS and MPORS leap-frogging on this legislation. Because this bill has not been introduced the Committee took *no action* at this time.

LC2220 – Authorize National Guard firefighters to transfer from PERS to FURS. This relates to the MANG lawsuit. Staff assumes they want to transfer all members from PERS to FURS. It was mentioned that the requestors may want the federal government to make the transfer actuarially sound, but that may not be feasible. *No action* by the Committee at this time.

Public/Member Comment

Robert Griffith, Chair asked members of the audience if they had any comments. Steve Kologi, AMPRE stated that perhaps we should consider changing the GABA waiting period back to 3

years, eliminating the career bonus formula and/or increasing employee contributions. The possibility of the Board's Legislation (HB 159) passing as is was discussed. There were no recommendations to the Board at this time.

Legislative Committee Meetings

Weekly legislative committee meetings during the session are scheduled for Tuesdays at 1:30 pm. The next meeting is currently scheduled for January 23, 2007 at 1:30 pm.

There being nothing else to come before the committee, Robert Griffith, Chair, adjourned the meeting at 3:00 pm.